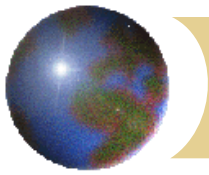


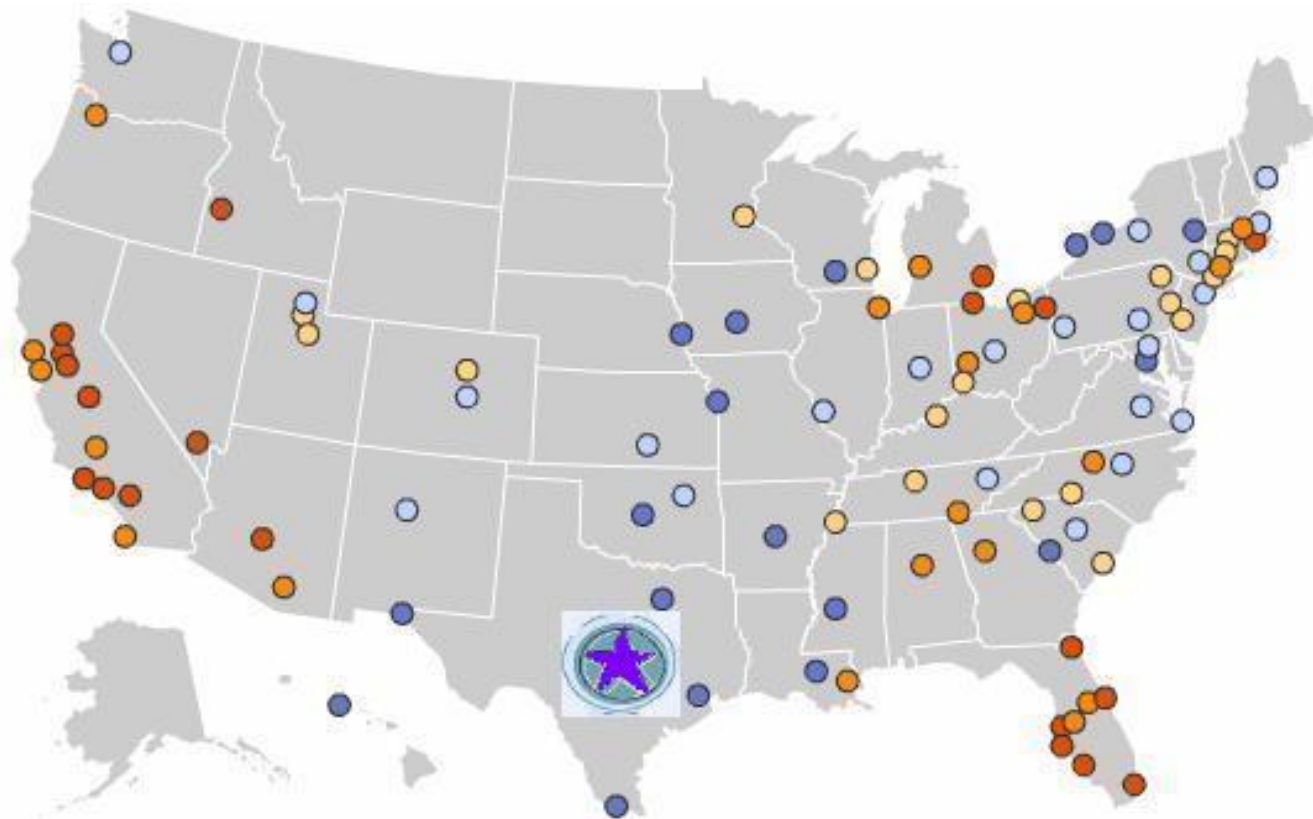
City of Austin

Texas IT Capital





U.S. Metro Area Economies



- Strongest 20 metro areas
- Middle 19 metro areas*
- Weakest 20 metro areas

- Second-strongest 22 metro areas*
- Second-weakest 19 metro areas*

Austin Rankings*

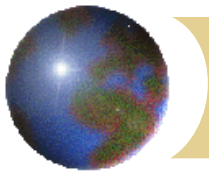
Employment #4

Unemployment #13

Gross metro product #2

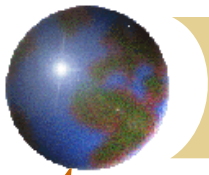
Housing prices #10

*out of top 100 metros based on population



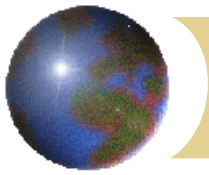
Austin's Economic Story

- ✚ Historically, Austin's economy had two primary industry/employment sectors, the University of Texas at Austin and state government.
- ✚ UT Engineer Frank McBee founded Tracor Corp. in the 1950s. Over time, Tracor resulted in the creation of at least 20 additional companies and more than 5,400 jobs for the local economy.
- ✚ The first strategic economic plan in 1957, created by the University of Texas, called for IT manufacturing in Austin.



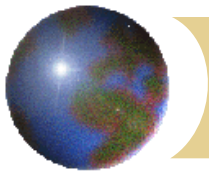
Austin's Economic Story

- ✿ Texas Instruments and IBM established plants in the region; although these two plants dealt with lower-end manufacturing.
- ✿ In 1982, several major computer and semiconductor manufacturers in the United States banded together and founded **Microelectronics and Computer Technology Corporation** (MCC). MCC was the first, and - at one time - was one of the largest, computer industry research and development consortia in the United States.
- ✿ In 1985, the Greater Austin Chamber of Commerce commissioned a long-range economic plan, which identified, for the first time, the important link between quality of life and economic development.
- ✿ **SEMATECH** (SEmiconductor MANufacturing TECHnology), a non-profit consortium that performs basic research into semiconductor manufacturing, formed as a partnership in 1987 between the United States government and 14 U.S.-based semiconductor manufacturers. SEMATECH was intended to solve common manufacturing problems and regain competitiveness for the U.S. semiconductor industry.
- ✿ SEMATECH was funded over 5 years by public subsidies coming from the US Department of Defense.



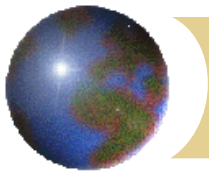
Austin's Economic Story

- ✚ Personal efforts drove the collaboration between public, university and private organizations.
- ✚ Could these efforts be from the ground up or could they be successful if they came through policy directives from the top.



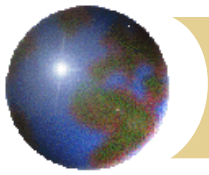
Environmental Factors

- ✚ Community desire for well-paying jobs.
- ✚ Federal government interest in maintaining a competitive advantage in the global marketplace.
- ✚ University administration interest in research and development funding, job prospects for graduates.



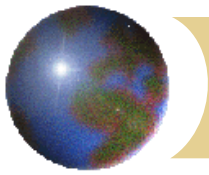
Local Attributes

- I. Workforce
- II. Infrastructure
- III. University Administration Interest
- IV. Community Networks/"Scenes"
- V. Government Commitment



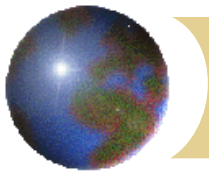
Workforce

- ⊕ Well trained and prepared for job opportunities in new firms.
- ⊕ Well trained and prepared for job opportunities in long established firms.
- ⊕ Well trained and prepared for job opportunities in rapidly growing firms.
- ⊕ Does the primary and secondary education system devote enough time teaching entrepreneurship and new firm creation.



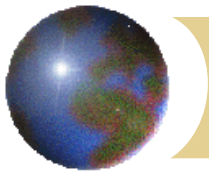
Workforce Mindset

- ✚ Are individual efforts to succeed professionally supported by the community?
- ✚ Is risk-taking to better one's career encouraged?
- ✚ Does the community consider becoming an entrepreneur as a desirable career choice?
- ✚ Does the community consider someone who has launched a new business more successful than a manager of a medium-sized company?



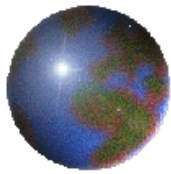
Environmental Factors

- I. Workforce
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Infrastructure

- ✚ The existing physical infrastructure (transportation, utilities and telecommunications) provides support for new and growing firms.
- ✚ New and growing firms can afford the costs of using physical infrastructure.
- ✚ There is a sufficient supply of physical infrastructure for new and growing firms that conduct research and development (Ex., Labs).
- ✚ New and growing firms have just as much access to research and development technologies as long-established firms.
- ✚ New and growing firms may enter markets without being unfairly blocked by long-established firms.
- ✚ There is ample supply and equal access to equity capital to start a new firm.
- ✚ There are a sufficient number of industry-specific incubators to support the launch of new firms.



Infrastructure

ati austin technology
incubator

Accelerating innovation.

UNIVERSITY OF TEXAS AT AUSTIN



BIOSCIENCE

- Therapies
- Diagnostics
- Tools



CLEAN ENERGY

- Renewable Energy
- Energy Efficiency



IT

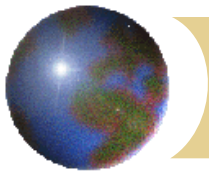
- Software Infrastructure
- Semiconductors
- Digital Media Infrastructure



WIRELESS

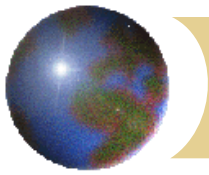
- Network Infrastructure
- Mobile Applications





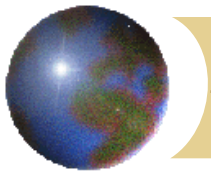
Environmental Factors

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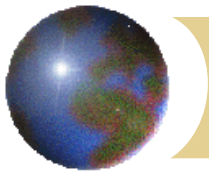
University Administration Interest

- ✚ Colleges and universities offer sufficient instruction on entrepreneurship and new firm creation.
- ✚ Colleges and universities offer a sufficient amount of teaching entrepreneurship to mid-career students.
- ✚ Businesses and colleges/universities cooperate effectively in the creation of specialized training programs that fit the needs of firms.
- ✚ **Case Study:** The \$20 million incentive package for MCC featured collaboration between the City of Austin, the State of Texas and the University of Texas on a bid package which included: (1) a facility and laboratory space leased for \$10 a year and financed by university and private statewide contributions; (2) the creation of 32 \$1 million endowed chairs in engineering and natural sciences; and (3) MCC employee benefits, like teaching positions, fellowships and job hunting, workforce training assistance for spouses.



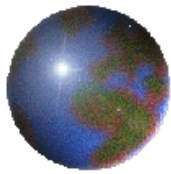
Environmental Factors

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Community Networks/''Scenes''

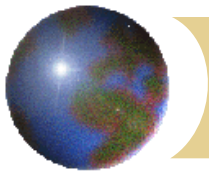
- ✚ Establish business-membership organizations in the industries targeted for development.
- ✚ Business-membership organizations actively recruit and nurture young/new firms.
- ✚ There are many informal business networks (Bootstrap Austin, venture capital pitch events) that support new and growing firms.
- ✚ Joining government, university and private sector actors in the funding arena became crucial with the Dotcom bust.



AUSTIN IN 2002

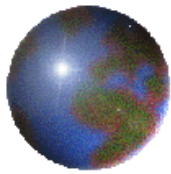


- “Investment in Austin companies down for 6th straight qtr”
- “Existing home sales and median house price toppled”
- “Serious crime ticks up in Austin”
- “Austin called a ‘great city of the arts’”



Community Network/''Scenes''

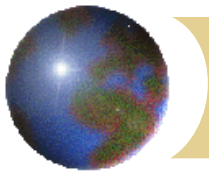
- ✿ The Austin Chamber of Commerce launched Opportunity Austin, an ambitious, five-year regional economic development strategy aimed to create 72,000 regional jobs and increase regional payroll by \$2.9 billion.
- ✿ To implement the strategy, the regional business community invested \$14.4 million.
- ✿ Three tasks identified: Diversification, Talent, Great.
- ✿ Targeted Industries: IT, Wireless, Clean Energy, Bio, Data Centers, Automotive.
- ✿ University professors joined business leaders on the Regional Centers for Commercialization and Innovation review panels.



AUSTIN IN 2007

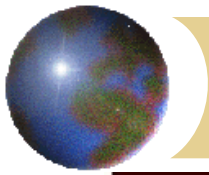


- Austin Tops in Business Vitality, America's Favorite Cities
- "Construction plans hard-pressed to keep up with traffic"
- "Next big thing: a grander skyline"
- "2007: the year high-end retail discovered Austin"
- "Top city for Cleantech," "10 Greenest Cities in America"



Community Network/''Scenes''

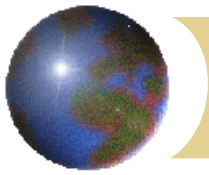
- ✚ Several support networks were formed.
- ✚ Business Retention and Expansion efforts increased during 2009.
- ✚ 825 regional retention visits were made.
- ✚ 15 corporate relocations were announced.
- ✚ 542 new relocation jobs were created.



AUSTIN IN 2012

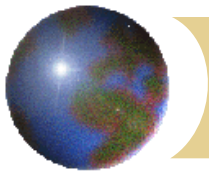


- Population triples since 2000, reaching 1.8 million in the Metropolitan Area.
- 26,300 new jobs created.
- SXSW celebrates 26 years of Film, Interactive Media and Music.



Environmental Factors

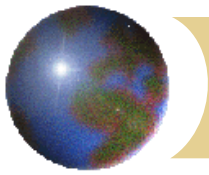
- I. Workforce
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Government Commitment

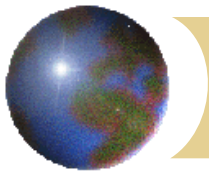
- ❖ Government regulations do not interfere with the successful start of firms.
- ❖ Government procurement policies apply equally to new and long-established firms.
- ❖ Affordable business support services sufficiently meet the needs of new and growing firms.
- ❖ Emerging technology funds, other localized incentives for targeted industries.





Government Commitment

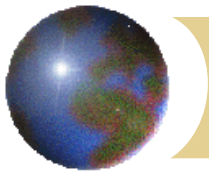
Company	Jobs Created	Company Investment (Millions)	Incentive (Millions)	Return to the City (Net of Incentive) (Millions)
Domain	1,100	130.0	37.5	39.9
Home Depot	500	404.0	6.7	7.0
ATDF	100	100.0	6.3	2.8
Samsung	1200	7,600.0	109	70.1
Hewlett Packard	140	300.0	3.2	11.6
Friday Night Lights	463	32.5	0.04	0.07
Hanger Orthopedic	250	4.7	.5	1.2
LegalZoom.com	600	1.75	.2	.56
Facebook	200	3.15	.2	.31
HelioVolt	168	80.4	0.6	2.1
TOTAL	4,721	\$ 8,656.5	\$ 164.24	\$ 135.64



Government Commitment

- ✚ Small business is big business
- ✚ 90% of Austin companies employ 100 or fewer employees





Government Commitment

Explorelocalaustin.org: Customers use interactive web directory & map to find local small businesses throughout Austin.

BizOpen: Direct assistance help small businesses navigate City land use & permit processes.

Bizaid: Offers free technical assistance on starting & expanding a business and business classes for nominal fee.

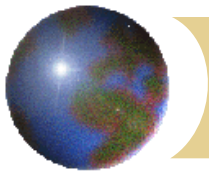
Getting Connected and **Meet the Lender** events.



Government Commitment

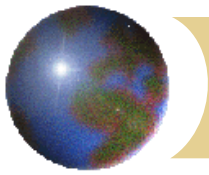


- Landmark "Pecan Street Project" Brings Together City of Austin, Austin Energy, University of Texas, Austin Chamber and Environmental Defense Fund To Design Energy System of the Future at 711 acre site of former Austin Airport.
- National Corporate Partnerships with Dell, GE Energy, IBM, Intel, Oracle, Cisco Systems, Microsoft, Freescale Semiconductor and GridPoint Announced at Clean Energy Venture Summit.*



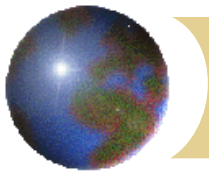
Potential Next Steps

- ✿ Critically examine strengths and weaknesses.
- ✿ Identify the community's existing strengths.
(Agricultural Bio-science, Computer and Electronic Products, Chemicals, Fabricated Metal Products, clean energy/solar photovoltaic panel manufacture, etc.)
- ✿ Develop a long-term strategic economic plan.
- ✿ Be sure to re-visit this plan and find opportunities for innovative strategies to implement the goals.
- ✿ Maintain collaborative efforts among government, university, enterprises and community leaders.



Potential Next Steps

- ✚ Which entity should take the lead?
(Established groups or next generation)
- ✚ Establish achievable goals for business retention and expansion efforts.



Thank You!



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